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agricultural situation

THE CROP REPORTERS MAGAZINE • OCTOBER 1973
U.S. DEPARTMENT OF AGRICULTURE • STATISTICAL REPORTING SERVICE

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THE HOG CYCLE:
WHERE ARE WE NOW?

THE HOG CYCLE: WHERE ARE WE NOW?

With hog prices breaking all previous records in 1972 and 1973, a normal pattern of the hog cycle would have us in the midst of a big production expansion right now.

But as of midyear, SRS' Hogs and Pigs reports weren't showing any such growth.

The June 1 survey put the December-May pig crop at 46.8 million head—2 percent under the same period a year earlier.

And farmers told SRS they planned no increases in June-November farrowings. That would put this period's pig crop at about 43.6 million head, a scant 1 percent ahead of last year—and that only because of the trend toward more pigs saved per litter.

What's wrong with the hog cycle? Are we witnessing the end to the century-old up-and-down pattern in production?

We posed these questions to Wilbert Walther, Chief of SRS' Livestock, Dairy, and Poultry Branch. Walther, who's as close as anyone in USDA to what's happening in the hog industry, maintains we'd be premature in predicting the end of cycles in hog production.

Instead, he suggests we are now in a period where a succession of unusual developments have interrupted the cycle's normal workings.

Our Place in the Cycle

If you measure from low point to low point, we're probably at the tail end of a production cycle right now.

The cycle reached its peak in 1970 when the pig crop soared to 101.9 million head—the highest level since World War II. Subsequently, numbers have fallen—to 98.5 million in 1971; 90.8 million in 1972; and a projected 90.4 million in 1973.

The first year of the downturn was

the direct result of a break in prices—and as such represented the classic cyclical pattern.

1970's extra big pig crop caused market prices the following year to drop more than \$5.00 per 100 pounds to an average of \$17.50 for the year.

However, 1972 and 1973 weren't typical years in terms of price and production trends.

Prices picked up in 1972, with the annual average reaching \$25.10. Yet there was no subsequent gain in production.

And 1973 has seen some phenomenal price peaks. For the first time in history Omaha prices broke the \$50 barrier. Yet, judging from the June report, there's still no production pickup.

Why the Wait?

Walther cites the weather, followed by high feed and protein costs, as the brakes on farmers' expansion plans.

Last December farmers had in mind farrowing 6 percent more sows during the December-May period. But an extremely wet and late harvest of grain crops caused farmers not to fully carry through on these intentions.

Farmers' reluctance to boost June-November farrowings stems largely from concern over feed grain and protein supplement costs and availability, according to Walther.

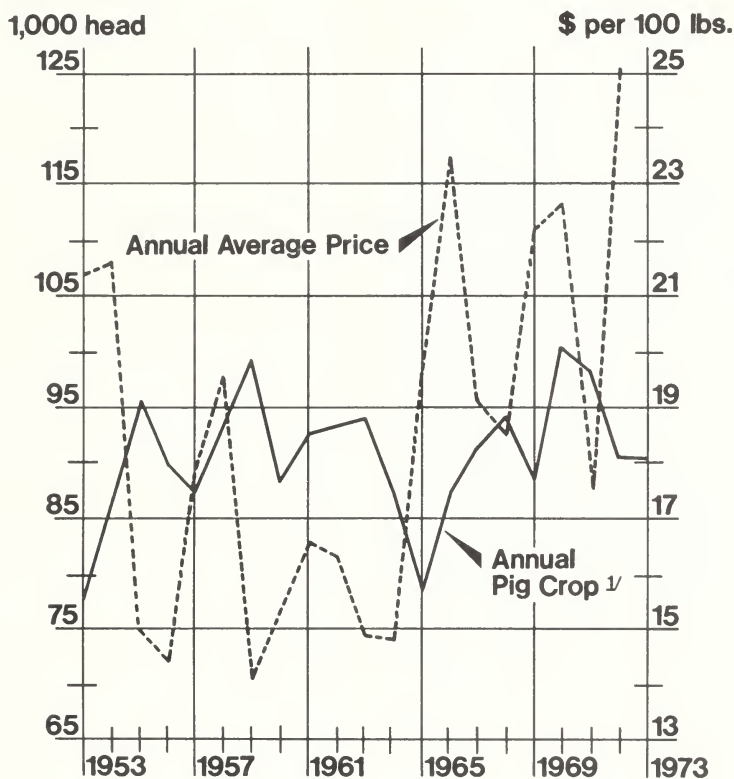
Though hogs are commanding top prices, so too are the feed ingredients; corn, soybeans, even barley are bringing top dollars these days.

The hog-corn price ratio serves as a rough measure of the profitability of hog production by showing the number of bushels of corn that can be exchanged for 100 pounds of live hog at current prices.

A high hog-corn price ratio implies that corn is relatively cheap in relation to hogs. A low ratio means that feeding hogs is more costly.

The hog-corn price ratio at the

PIGS AND PRICES



¹/₂ December preceding year thru November.



middle of July was 20.2. That compares with a 13.9 annual average in 1971 and 22.1 in 1972. But it's down from the all-time monthly high of 28.0 set in March of this year.

An Upturn . . . When?

The earliest possible turnaround in production probably won't come before next year, Walther figures.

If the 1973 feed grain crop turns out well—and if protein feed supplies are ample—a buildup may start with the March-May 1974 pig crop. But these animals won't be ready to move to market until the late summer or fall of next year.

Flatter Cycles

While Walther sees the cyclical pattern of hog production persisting, he notes that the peaks and troughs may eventually become less pronounced as it gets more difficult for farmers to get into and out of production.

There are still some farmers who start feeding hogs when prices are good, and who tend to get out of the business and move quickly when production becomes unprofitable.

The "in-and-out" hog farmers tend to accentuate production trends, pushing numbers up even faster during buildups and cutting numbers more sharply during downturns.

But high facility costs and environmental quality standards being imposed in many communities promise to make it a good deal more difficult to get into the hog business on a temporary basis.

Installing the requisite waste disposal facilities for even medium size herds can cost upwards of \$15,000 (see May 1973 *Agricultural Situation*). A farmer who puts out that kind of money isn't likely to go out of the hog business with the first slump in prices.

A more stable number of hog producers may eventually lead to a more stable pig crop.

A LONG LOOK AT PORK

Despite the cyclical ups and downs, pork production over the past 20 years has been trending up. And it will likely keep gaining over the next decade in order to keep pace with growing demand.

(Pork consumption is currently on a downswing but a turnaround likely will develop next year.)

Projections to 1985 point to an annual pork output of 16-plus billion pounds, up from 12 billion in 1965-70.

Such an increase will require a big step-up in sows farrowing.

The market for pork has expanded gradually in the 1960's—the result of both a general rise in consumer demand for red meats and the shift to production of the meat-type hogs consumers favor.

Pork producers are becoming more aware of the qualities preferred in pork and have made considerable progress in raising hogs that yield a higher percentage of marketable pork and less lard.

For example, the typical hog now yields about 158 pounds of pork, compared with an average of 134 pounds during the 1950's and 147 pounds in the 1960's.

Meantime, lard yields per animal have sunk to less than 19 pounds, compared with a 35-pound average in the 1950's and 28 pounds last decade.

As pork quality continues to improve, consumer acceptance will rise further. However, these developments likely will be fairly slow.

On a per capita basis, Americans ate about 67 pounds of pork last year. That compares with an average of 63 pounds in the 1960's and about 66 pounds in the 1950's.

USDA economists predict that by 1985 our appetite for pork will have us eating about 70 pounds per person, the highest level since World War II.

WRINKLES IN HOG PRODUCTION



Sow leases and finishing contracts are two ways for farmers without lots of capital or expertise to gain entry into the hog business.

However, these two practices are also a way for nonfarm firms to exert greater control over hog production, since leases and contracts are typically offered by agribusinesses with their major activity in feed sales or meatpacking.

Here are some highlights of an in-depth study made of these practices by USDA economists in Indiana.

Sow Leasing

Sow leasing—which currently accounts for 5 to 6 percent of U.S. hog production—is a production strategy favored mainly by growth-oriented hog producers out to build up a herd of top quality hogs.

In the Indiana study, farmers using sow leases were typically 9 years younger than the State average. Yet they were running considerably larger crop-hog

farms—planting twice as many acres, farrowing four times the sows, selling nearly five times the hogs, and grossing nearly three times as much money as the State average.

The sow leases were, according to the producers, the best way for them to obtain breeding animals with the desired meat-type conformation from Specific Pathogen Free (SPF) herds.

In fact, most of the men said they knew of no other source of gilts with a comparable combination of quality attributes other than those offered by the lessor. (There was, however, no evidence that the producers had shopped for other leases or opportunities for buying gilts.)

The lease as a source of capital was the second most important consideration with the operators.

Though nearly all could have easily gotten credit from other lenders, most simply felt that leasing a production input, rather than owning it, was the most effective

tive capital use strategy for their expanding businesses.

Risk sharing figured into a few of the producers' decisions to lease sows. Some felt there was financial protection in having lease payments tied to the price of live hogs. Others cited the advantage of leasing SPF sows, rather than buying SPF gilts, during peaks of the hog price cycle. And a few simply lacked confidence in selecting animals to purchase.

What were the sow lease producers' attitudes towards leasing? While most indicated they had gotten what they expected from their contract, only about one in four of the producers planned to enter into another lease contract when their first one expired.

The biggest obstacle to renewal appeared to be the cost of the lease, though some producers were dissatisfied with the performance of the breeding stock, the contractor, or both.

The poor renewal rates in Indiana suggest that sow leasing may be largely a one contract affair, with future activity depending almost entirely on new contracts. And even this business could be eroded substantially were there to be increased promotion of opportunities to buy SPF stock with the meat-type attributes wanted by producers.

Contract Finishing

How can a small-scale farmer make sure he doesn't lose his shirt on hog finishing, an enterprise that's traditionally been plagued by sharp breaks in prices?

A small group of Indiana farmers seem to have found the answer in contract hog feeding.

Finishing contracts have been around for at least 10 to 15 years, although they still account for only 1 to 2 percent of present production.

In Indiana, the group who finished hogs under contract were about 10 years younger and had

smaller crop operations than the State average. Three out of four also worked at off-farm jobs.

The No. 1 reason why the hog finishing producers had begun contracting was to reduce the uncertainty of returns.

Most of the contractees had relatively few farm assets or else had a relatively low equity position in their assets.

The big charm of signing a finishing contract was that it offered the chance to obtain returns to fixed assets (buildings, pasture, and so forth) while not endangering net worth. (Hog finishing contracts typically guaranteed zero out-of-pocket losses for the producer.)

Eighty-eight percent of the producers with finishing contracts intended to sign up again, chiefly because they were interested in continuing the low-risk enterprise.

However, at renewal time the service and management contributions of the contractor were judged to be more important than credit as a reason for signing up. Also important to the renewing producers was the marketing assistance and the availability of feeder stock when wanted.

The emphasis the farmers put on the contractors' service, procurement, and marketing help suggests they may perceive a useful split between the overhead management functions and the direct labor associated with hog finishing.

Since most of these producers held off-farm jobs (frequently full-time), their available time may not have been sufficiently flexible to buy and sell stock effectively.

The leveling off of the decline of small farms, at least in Indiana, and the increasing tendency of small-scale operators to take on off-farm jobs suggests that the potential number of hog finishing contractees is increasing—and the practice could become more popular in the years ahead.



CHECKING QUALITY IN THE BIN

Knowing the quality of potatoes in storage, in addition to the quantity, would help growers improve on their marketing strategy. It might also help them get better prices.

For example, should prices for table potatoes be good, growers could afford to upgrade their holdings by running their potatoes through a process that would cull out small or damaged potatoes, and make their stocks grade No. 1.

Because quality data would be so advantageous to growers—and growers own the majority of stored potatoes—SRS recently launched special research to estimate potato quality in the Red River Valley of North Dakota and Minnesota.

Storage facilities in the Valley held roughly 14 percent of the Nation's potato stocks as the storage season began.

To estimate quality the statisticians and enumerators followed the movement of potatoes from 117 randomly selected fields to storage warehouses. There they took about 1,750 samples, each a 20-pound bag of potatoes.

Roughly a third of the bags were immediately delivered to State inspectors, who graded them for quality. From these gradings, SRS was able to estimate quality of potatoes going into storage.

Grade of samples	Potato type		
	Red	White	Russet
	<i>Percent of total</i>		
No. 1			
At harvest	92	84	86
After storage	89	82	83
No. 2			
At harvest	5	9	8
After storage	5	8	8
Cull			
At harvest	3	7	6
After storage	6	10	9

Meanwhile, back at the warehouses, the remaining sample bags were mixed throughout storage bins with the remainder of the harvest. As the bins are emptied, the growers retrieve them and turn them over to the State statistical offices where they are inspected by State inspectors. The bags are checked for grade and weight change.

SRS considers the survey experimental but anticipates it will soon be a standard in the Red River Valley. It is anticipated that with minor modifications the procedures will be adaptable to other parts of the Nation. SRS hopes to issue quality reports for most of the Nation's stored potatoes within a few years.

Here's how samples graded from bags retrieved prior to May 1, 1973, which included potatoes stored for 6 to 7 months.

Quality of the Potatoes on Arrival at Warehouse			
Grade of samples	Potato type		
	Red	White	Russet
	<i>Percent of total</i>		
No. 1	91	83	85
No. 2	5	10	9
Cull	4	7	6



PASS IT ON

Planning on passing on the family farm to the next generation? See a professional estate planner or lawyer now, right away, to make sure you don't hand your kids a heap of financial trouble along with the farm.

Rising asset values—especially for land—mean the typical family farm is a valuable inheritance nowadays. But the greater worth also means that many more family farms than formerly are subject to Federal taxes levied on all estates worth over \$60,000.

Since 70 to 90 percent of a farm's assets are often tied up in land, buildings, and machinery, paying the Federal taxes can put a real strain on the inheritor's cash reserves.

W. Fred Woods, a tax specialist with the Economic Research Service, notes in a new research report that the average value of farm

production assets has increased from \$47,500 per farm in 1962 to \$102,000 per farm in 1972.

Hand in hand with the greater value of farm and other estates has gone a sharp increase in the number of persons filing estate tax returns—from 17,000 in 1940 to 132,000 in 1970.

Without careful planning, Woods shows that the business of passing the family farm on to the next generation can at best eat up a large chunk of the farm's working capital; at worst force the new owner to sell valuable assets.

Estimated death taxes imposed on typical 1968 farming situations ranged from \$648 (1.3 percent of total farm capital) on a North Carolina tobacco farm to \$77,260 (19.0 percent of total capital) on an irrigated High Plains cotton farm in Texas.

While the dollar impact of these

amounts of death taxes would be serious enough even if the cash were available, the liquidity problem is potentially even more serious.

Woods cites a 1959 study of Iowa farmowners, where it was found that nearly nine out of 10 would not have left the heirs with sufficient liquid assets to pay estate settlement costs and death taxes. And even if liquid assets held in joint tenancy and life insurance payable to named beneficiaries were used to

pay costs and taxes, half of the estates still couldn't raise enough cash.

Borrowing money to pay the taxes is, of course, one way of raising the needed cash. But Woods found it wasn't possible to borrow if the farms were heavily in debt.

For some 12 percent of the cases in the Iowa survey, the only possible way for the heirs to raise the requisite cash would have been to sell off some of the farm assets.

HOW YOU OWN IT DOES MAKE A DIFFERENCE: The way you own your farm does make a big difference in the amount of Federal estate taxes that will have to be paid in order to pass the farm on to the next generation.

Present laws permit a husband or wife to leave up to half their property to the surviving spouse free from the Federal estate tax. In addition, the first \$60,000 of every estate is exempt from taxation. These two exclusions can add up to big savings if farmers plan their transfer arrangements with care. See for yourself in the example below.

The Brown farm has been in the family for 5 successive generations. Right now the farm's assets are put at close to \$240,000. Let's figure the taxes on the farm estate under two different forms of ownership:

Sole Proprietorship	50/50 Partnership with Children
Father dies, leaves estate of \$240,000	Father dies, leaves estate of \$120,000
Exempted share to wife: \$120,000	Exempted share to wife: \$60,000
Exempted share to children: \$60,000	Exempted share to children: \$60,000
Taxable share of farm estate: \$60,000	Taxable share of farm estate: 0
Taxes due: \$ 9,500	Taxes due: 0
Wife dies, leaves farm estate of \$120,000	Wife dies, leaves farm estate of \$60,000
Exempted share to children: \$60,000	Exempted share to children: \$60,000
Taxable share: \$60,000	Taxable share: 0
Taxes due: \$ 9,500	Taxes due: 0
Total taxes paid to transfer farm estate to next generation: \$19,000	Total taxes paid to transfer farm estate to next generation: \$ 0



SPOTLIGHT ON NEBRASKA

"Nebraska is a State that's virtually synonymous with agriculture . . . and rightly so since one out of every two people here depend on agriculture for their livelihood."

Doug Murfield, statistician in charge of the Crop and Livestock Reporting Service at Lincoln, points with pride to the present and the future of farming in the Cornhusker State.

"Agricultural growth soared to record heights last year when our cash receipts from farming reached an all-time peak of \$2.7 billion," Murfield notes.

"While our agriculture is diverse—farmers produce 22 different crops and raise all kinds of livestock, including buffalo—roughly three-fourths of cash earnings come from livestock and livestock products, chiefly cattle and hogs.

Nebraska ranks 20th in the Nation in number of farms with a total of 70,000 at the start of 1973. While that's down nearly 48 percent from 1934 when farm numbers were at their peak, average farm size, at 687 acres, is twice what it was in the mid-1930's.

Total investment in farms and ranches exceeds \$11 billion, nearly four times the amount of annual cash receipts. Farmland values have quadrupled since the end of World War II.

Once described as the great American desert, Nebraska now has

nearly 97 percent—48 of its 49 million acres—of its land area devoted to farming and ranching. About 16 million acres are harvested for crops.

Irrigation has played a very important part in shaping Nebraska's agricultural present—and is likely to play an even bigger role in the future, according to Murfield.

"Because of irrigation we have the greatest feed supply and feed producing potential in the United States," he emphatically states.

Since 1960 there has been a 73-percent gain in the number of irrigated acres. With 4.5 million acres now receiving supplemental water, Nebraska ranks third in the Nation in total irrigated area, trailing only California and Texas.

"We expect this boom in irrigation to continue throughout the 1970's," adds Murfield. "Our State has large quantities of two often times scarce resources—irrigable land and irrigation water. More than 19 million acres have been identified by soil type and topography as having some potential for irrigation. And we've got an excellent supply of surface and ground water."

Giving impetus to the irrigation expansion is the desire to boost feed grain production, Murfield notes. Nebraska is already a top feed grain State, but with growing demand for feedstuffs both at home and abroad

farmers will find it profitable to irrigate more acreage.

Nebraska's feed production is the foundation of its tremendously important livestock economy. Over 75 percent of the State's farmers raise cattle, which bring in \$1 billion plus annually in cash receipts.

Nebraska's beef production consists of two rather distinct activities—production of feeder calves by cow-calf operations and feedlot finishing of animals for market.

Beef cows are found in every county in the State and cow numbers have been growing rapidly in recent years, paralleling increases in the feed supply. Presently Nebraska is fourth in the Nation in beef cow numbers with 2.1 million at the start of 1973.

Nebraska cattle feeders marketed nearly 4 million head of cattle in 1972, making it the second leading State in cattle feeding.

Hog production is the second largest source of cash receipts to Nebraska producers, bringing in nearly a third of a billion dollars in

Three out of every four Nebraska farmers raise cattle, which bring in more than \$1 billion a year in cash receipts.



cash receipts during 1972. Hogs are raised on two out of every five farms.

Nebraska's livestock farms are the center of a vast agribusiness complex involved in all phases of the food chain from production through marketing.

Omaha, for example, is the largest meatpacking center in the United States and Nebraska leads the Nation in carcass beef production. Nebraska packers have ready access to consumer markets since within a 400-mile radius of the State's borders are cities containing nearly 37 million Americans.

"Nicknamed the Cornhusker State, you'd expect us to be a major corn producer . . . and we are," Murfield says. "Nebraska produced about 538 million bushels of corn for grain last year, slightly more than a tenth of the country's total supply."

"However, we're also major producers of sorghum and wheat. In fact, we are the *only* State that is a major producer of all of the Nation's Big 3—corn, sorghum, and wheat."

During 1972 Nebraska earned for itself third place in both sorghum and wheat production.

About 60 percent of Nebraska's feed grains is fed to livestock within the State. The rest is shipped out, to other States or abroad.

Murfield cites the important role of Nebraska's central location and strong transportation system which give the State's farmers access to many domestic as well as foreign markets.

"Feed grains shipped out of the State for domestic use generally go west, primarily to Colorado and California. This results from Nebraska's situation on the western edge of the Corn Belt."

"Grain for export can move by barge along the Missouri and Mississippi Rivers to the Gulf, by truck or rail to Great Lake ports for shipment via the St. Lawrence Seaway, and by rail to Pacific ports," Murfield continues.

A Safer Cigarette?



A "safer" cigarette? Not out of the question, based on early results of studies underway by the USDA's Agricultural Research Service and other scientific groups.

The goal is development of a "safer" tobacco than available at present that will be economically worthwhile for farmers and manufacturers and give smokers the quality cigarette they want.

It's apparent that "safer" cigarette or not, people are going to smoke.

In 1971 cigarette consumption in the United States turned around from the downtrend of the previous 4 years.

Last year cigarette production topped all records with the output of 601 billion, a gain of 4 percent from 1971. This production would have

provided each person over 18 years of age in this country with 4,050 cigarettes, two packs more than a year earlier.

Farm income from tobacco puts it fourth among cash crops. Last year it brought producers on 400,000 farms \$1.4 billion in cash receipts. Tobacco products annually generate over \$5 billion in excise taxes.

Researchers are aiming for the production of a cigarette tobacco that would generate a smoke which is low in, or free from, known hazardous components. Not an easy target since scientists have identified more than 1,300 compounds in tobacco and tobacco smoke.

Adding to the puzzle are the organic complexities of the tobacco leaf, the possible effects new cultural practices may have on tobacco, how the curing process may influence the situation, and the variables associated with smokers.

Researchers are approaching the problem from a number of avenues, including genetics, physiology, and biochemistry. They are attempting to isolate and identify leaf characteristics which may be associated with undesirable smoke elements, and determine ways of altering them. Another technique is to learn ways of regulating the biochemical change in the tobacco leaf during curing.

Experiments have shown that the properties of leaf tobacco, such as nicotine content may be adjusted through plant breeding and farm production techniques.

Studies are also being conducted to determine any relationship between the tobacco-health issue and new tobacco varieties and modern production methods.

Under investigation are the new high-yielding, disease resistant tobaccos, new curing methods, various fertilizer combinations, pesticides, and suckering chemicals.

Preliminary findings indicate a "safer" tobacco can be developed.

ag Outlook

DIGESTED FROM OUTLOOK REPORTS OF THE ECONOMIC RESEARCH SERVICE
FORECASTS BASED ON INFORMATION AVAILABLE THROUGH AUGUST 1, 1973

SOYBEAN SUPPLIES . . . If the 1973 soybean outturn does reach 1,540 bushels or more, as indicated by the August crop report, supplies should be ample to meet the record anticipated 1973/74 season domestic and export demand approaching 1.5 billion bushels. This would also allow some buildup in carryover on September 1, 1974.

●
PRICE STRENGTH PERSISTS . . . With demand for the golden bean staying strong, prices received by farmers during 1973/74 will likely average somewhat above the record \$4.35 per bushel now estimated for the 1972/73 season.

●
FED CATTLE MARKETINGS MAY GAIN . . . October-December fed cattle marketings could be a little larger than 1972's fourth quarter. The midyear inventory of steers on feed weighing 700-900 pounds and heifers in the 500-700 pound weight group were up 4 percent from a year earlier. These animals normally supply over half fourth quarter marketings.

●
BUT BEEF OUTPUT MAY STILL BE DOWN . . . Offsetting the larger fed cattle marketings, though, will be very small nonfed steer and heifer slaughter as well as cow slaughter that may be about the same or only a little larger as a year earlier. On balance, these could lead to a small cut in October-December beef output.

●
PRICE PICTURE STAYS ROSY . . . Early fall fed cattle prices may be higher than summer prices, following the release of beef from price ceilings in mid-September. However, as marketings rise above a year ago and pork output is seasonally larger, prices may ease some by late fall. Still, fourth quarter prices should be at least a third above 1972's October-December average of \$34 per 100 pounds.

●
HOG SLAUGHTER this fall is expected to be near or slightly below October-December 1972, judging from the number of market hogs on

farms under 60 pounds last June 1. Prices of barrows and gilts may decline some into the fall but the average will be 50% above last October-December's \$29 per 100 pounds. Strong consumer demand for red meats and limited supplies are serving to maintain high hog prices.

●
WHAT'S HAPPENING WITH LAMBS . . . Lamb slaughter will continue well below a year earlier during July-December because of the 9% cut in the 1973 lamb crop and some probable increase in withholding of live lambs for herd replacement. Choice spring lambs were selling for \$38 per 100 pounds at San Angelo in late July, about the same as late May. But second half prices should rise above that level in response to smaller supplies and a strong cattle and hog market. Lamb prices have not shared the spring-summer strength of cattle and hog markets.

●
EXPORT EXCITEMENT . . . U.S. farm exports during fiscal 1972/73 soared to \$12.9 billion, topping by nearly 60% the previous high of \$8.05 billion set only a year earlier. The hike was about equally due to bigger sales and higher prices.

●
GRAIN GAIN . . . Credit grains for the takeoff in our 1972/73 export values. Sales of wheat and flour and of feed grains both doubled to over \$2.2 billion each. At the same time, soybeans and soybean products remained our most valuable export commodity, worth \$3-plus billion in 1972/73.

●
TRACKING THE TRADE BALANCE . . . While imports of agricultural items also swelled sharply in 1972/73 . . . at \$7.3 billion they were nearly a fifth larger than in the preceding fiscal year . . . the farm side of the trade ledger was the brightest spot in our balance of trade. Farmers' contribution reached an all-time high of \$5.6 billion, compared with an over \$9 billion deficit in our nonfarm trade. Thus, thanks to farmers, the United States wound up only \$3½ billion in the red in terms of our total 1972/73 trade.

●
DEVALUATION'S ROLE . . . Devaluation has had a dramatic impact on U.S. farm trade, increasing our comparative advantage in foreign markets despite recent world price rises. On the other hand, imports of foreign agricultural commodities have become less competitive in the United States.

●
WORLD COMMODITY PRICES have gone up over the past 2½ years while the price of the U.S. dollar in most countries has gone down. For example, the price of our corn rose one-fifth between May 1971 and March 1973 in terms of U.S. dollars. But sharp dollar devaluation in Japan caused the price in yen to drop a tenth.

Statistical Barometer

Item	1971	1972	1973—latest available data
Prices:			
All prices received by farmers (1967=100)	112	126	172 July
Crops (1967=100)	107	116	164 July
Food grains (1967=100)	94	108	166 July
Feed grains and hay (1967=100)	106	105	166 July
Feed grains (1967=100)	106	101	167 July
Cotton (1967=100)	109	128	135 July
Tobacco (1967=100)	113	123	127 July
Oilbearing crops (1967=100)	108	116	207 July
Fruit (1967=100)	109	115	137 July
Fresh market ¹ (1967=100)	113	123	116 July
Commercial vegetables (1967=100)	114	116	152 July
Fresh market (1967=100)	128	131	188 July
Potatoes, sweetpotatoes, and dry edible beans (1967=100)	109	122	330 July
Livestock and products (1967=100)	116	133	179 July
Meat animals (1967=100)	120	146	204 July
Dairy products (1967=100)	116	119	126 July
Poultry and eggs (1967=100)	101	103	173 July
Wool (1967=100)	52	93	211 July
All prices paid by farmers	120	127	146 July
Ratio ² (1967=100)	94	99	118 July
Consumer price index, all items (1967=100)	121	125	132 June
Food (1967=100)	118	124	140 June
Farm Income:			
Volume of farm marketings (1967=100)	110	112	92 4
Cash receipts from farm marketings (\$bil.)	52.8	60.7	75.5 4
Crops (\$bil.)	22.2	25.1	4
Livestock (\$bil.)	30.6	35.6	4
Realized gross farm income (\$bil.)	59.7	68.9	82.5 4
Production expenses (\$bil.)	44.5	49.2	58.0 4
Realized net farm income (\$bil.)	15.2	19.7	24.5 4
Income and Spending:			
Disposable personal income, total (\$bil.)	746.0	797.0	870.4 4
Expenditures for food (\$bil.)	117.5	125.0	135.8 4
Share of income spent for food (percent)	15.7	15.7	15.6 4
Farm Food Market Basket:³			
Retail cost (1967=100)	116	121	138 May
Farm value (1967=100)	114	124	156 May
Farmers' share of retail cost (percent)	38	40	44 May
Agricultural Trade:			
Agricultural exports (\$bil.)	7.7	9.4	7.7 Jan.June
Agricultural imports (\$bil.)	5.8	6.5	4.1 Jan.June

¹Fresh market for noncitrus and fresh market and processing for citrus.

²Ratio of index of prices received by farmers to index of prices paid, interest, taxes, and farm wage rates.

³Average quantities per family and single person households bought by wage and clerical workers, 196061, based on Bureau of Labor Statistics figures.

⁴Annual rate, seasonally adjusted, second quarter.

AGRICULTURAL SITUATION

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